

**PART I - THE SCHEDULE****SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS****B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED**

This is a cost-plus-incentive fee (CPIF) completion contract (excluding transition), that also includes schedule driven performance incentives as described herein. The transition period is a cost reimbursement-no fee arrangement, with a Not-to-Exceed Estimated Cost of \$1,000,000 (See Section B.4 and Statement of Work Section C.7). The Contractor shall be responsible for planning, managing, integrating, and executing the work scope as described in Section C. The Contractor shall furnish all personnel, facilities, equipment, supplies, and services and otherwise do all the things necessary for, or incident to, performing in a safe, efficient, and effective manner.

**B.2 OBLIGATION OF FUNDS**

- a. Pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds," total funds in the amount of \$500,000 are obligated herewith and made available for payment of allowable costs, fee, and other incentives earned from the effective date of this contract through contract completion.
- b. Financial Plans: Cost and Commitment Limitations. In addition to the limitations specified above or elsewhere in this contract, the DOE will issue Financial Plans to the Contractor to establish controls on the costs and commitments to be made in the performance of this contract. The Contractor's costs and commitments (including fee) cannot exceed the amount obligated for any appropriation obligational control point identified in any Financial Plan issued in support of this contract. The Contractor will promptly notify DOE in writing if it has reason to believe the authorized financial levels of costs and commitments will be exceeded or substantially underrun.
- c. (OPTIONAL) \$30,000,000 Per Year Funding Increase (FY 02, 03, 04, 05, 06, 07, 08). The Target Schedule for this contract has been established based on the assumption that funding in the amount of \$290M per fiscal year (minus DOE costs and fee) will be provided to the Contractor to perform project work. If the annual funding made available to the Contractor for project work for each of the fiscal years from FY 02 through FY 08 is increased by at least \$30,000,000 per year, the Contractor agrees to shift the Target Schedule to December 31, 2008. There will be no adjustment to Target Cost and Fee.

**B.3 AVAILABILITY OF APPROPRIATED FUNDS**

The duties and obligations of the Government hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the Congress which the Department of Energy may legally spend for such purposes.

**B.4 ESTIMATED COST - TRANSITION PERIOD** (Award Date through November 30, 2000)

Estimated Cost: NOT-TO-EXCEED (NTE) \$1,000,000.

Transition costs are authorized for reimbursement under this contract, subject to the limitation (NTE Amount) set forth above. These costs are limited to costs incurred by the Contractor related to the proposed Key Personnel and other employees of its own organization, including Teaming Partners if applicable, for the transition period. It is recognized that such costs may be incurred after December 1, 2000. Cost incurred for normal business activity under Contract No. DE-AC24-92OR21972 shall not be charged as transition costs. No transition costs above the limitation will be authorized. There will be no fee earned or paid during the transition period.

**B.5 TARGET COST AND TARGET FEE** (December 1, 2000 through site completion in accordance with Section C of this contract (currently anticipated to be December 31, 2010).

a. The Target Cost and Target Fee are:

<b>Minimum Target Cost:**</b>	\$2,400,000,000
<b>Maximum Target Cost:**</b>	\$2,600,000,000
<b>Target Fee:</b>	\$120,000,000
<b>Total Target Cost &amp; Fee (minimum)</b>	\$2,520,000,000
<b>Total Target Cost &amp; Fee (maximum)</b>	\$2,720,000,000*
<b>Negotiated Target Cost (Reference Point) \$</b>	<b>TBD</b>

\*Contract face value.

\*\*Exclusive of DOE costs and fee, and transition costs.

b. The minimum and maximum target costs were negotiated pre-award between the contracting parties. Having two targets results in a flat spot in the fee curve as shown in Attachment 10 to the contract. The Minimum Target Cost is used as the fee base and the Maximum is used in the contract value calculation. Some provisions of the contract refer to the Target Cost as a basis from which things

would be measured (e.g., whether or not funding change is greater than 1%). Therefore a Reference Point Target Cost will be negotiated between the parties to be used as a contractual reference point for these purposes.

- c. The Contractor shall provide a Revised Baseline and certified cost and pricing data within 6 months following contract award that will be utilized to negotiate the Reference Point Target Cost. This negotiation will not affect the Minimum/Maximum Target Costs, Target Schedule, and/or Fee negotiated pre-award. This Revised Baseline shall include the approved Baseline Improvements from the Contractor's technical proposal. If the parties cannot reach a negotiated agreement, the Government will establish the target unilaterally.
- d. If independent reviews of the cost and pricing data submitted in accordance with paragraph c above disclose a factual error in the information relied upon to establish the Minimum and Maximum Target Costs, a downward adjustment to the contract targets and incentives will be negotiated. If the parties cannot reach a negotiated agreement, the Government will adjust the incentives unilaterally. It is recognized that the Revised Baseline will contain the approved Baseline Improvements and other efficiencies anticipated by the Contractor.

## **B.6 INCENTIVE DESCRIPTIONS**

- a. The Ohio Field Office (OH) has a mission of accelerated completion of the Fernald Environmental Management Project (FEMP). This contract is intended to support that mission and achieve accelerated site completion goals. The intent is to accelerate "Legacy Facility Completion" and "Site Completion." "Legacy Facility Completion" includes building demolition/dismantlement, waste disposal, soil cleanup, and disposal facility operations (with the exception of Silos 1&2 waste treatment facility dismantlement and disposal). Site Completion includes building demolition/dismantlement, waste disposal, soil cleanup, disposal facility operations, final dismantlement and disposal of the Silo treatment facilities, residual soil removal and final site restoration. Legacy Facility and Site Completion are described in greater detail in the Statement of Work, Section C-4.2. In order to obtain these results, fee tied to cost and schedule performance will be utilized to provide the Contractor significant monetary incentives. If the Contractor consists of a consortium, joint venture, and/or other teaming arrangement, the team shall share in this contract fee structure (i.e. separate additional "subcontractor fee" for teaming partners will not be considered an allowable cost under this contract). The maximum available fee incentives correspond to the Department's goal for completion of activities at closure sites. Under no circumstances will the Total Fee paid exceed 12% of the Minimum Target Cost.

- b. The performance incentives are structured to incentivize the Contractor to complete the contract below the Target Cost (cost incentive) and to incentivize the Contractor to accelerate completion of the site prior to the Target Date (Schedule Incentive). The Cost and Schedule Incentives are independent of each other, and the amounts awarded for each are not dependent upon or reduced by the other, with the exception that late completion of the Target Schedule will cause a reduction of other incentives up to the maximum of \$10 million. The Cost and Schedule Incentives are described in detail below.

c. **Cost Incentive**

The cost incentive is structured as a CPIF contract wherein the Government and the Contractor share in the cost underruns and/or overruns from the target. For illustration, using the targets in Section B.5, with the 80/20 share ratio, the Government would pay the Contractor the Target Fee and an additional twenty cents for each dollar saved under the Minimum Target Cost, up to the maximum fee limit. Conversely, if the Contractor overruns the Maximum Target Cost, the Government will deduct twenty cents for each dollar overrun from the Target amounts, down to the minimum cost incentive of \$63 million. The maximum and minimum amounts and the share line associated with this type of incentive are prescribed by the clause entitled "Incentive Fee" in Section I and listed in Table 1 below for convenience.

**Table 1, Cost Incentive Table:**

Minimum Target Cost/Maximum Target Cost	Target Fee	Min/Max Fee	Share Ratio
\$2.4B/\$2.6B	\$120M	\$63M/\$235M	80/20

d. **Schedule Incentive**

1. The Schedule Incentive emphasizes DOE's position to accelerate performance (i.e., Site Completion); therefore the Target Schedule Date of December 31, 2010 provides no schedule fee. For each year, or part thereof, before the Target Schedule Date, the Contractor will receive schedule fee in accordance with Table 2 below, up to a maximum of \$53 million. If the Contractor completes later than the Target Schedule Date, the net amount of Fee earned, considering cost fee earned, will be reduced up to a maximum of \$10 million as defined below (also see schedule chart in Attachment 10). Completion before or after the Target Schedule Date will be calculated on a straight line basis for each month, or part of month

the Contractor needs for completion. Adjustments to the Target Date are discussed below.

**Table 2, Schedule Incentive Table:**

Dec 2006*	Dec 2007*	Dec 2008*	Dec 2009*	Dec 2010*	Dec 2011*	Dec 2012*
\$53M	\$50M	\$30M	\$12M	0	-\$5M	-\$10M

\* Last day of the month.

1. Should the Legacy Facility Completion goal be completed on or before December 31, 2006, \$20 million of the \$53M Schedule Fee described in subparagraph 1 above, will be paid provisionally in a lump sum. If Legacy Facility Completion is not achieved by December 31, 2006, the Legacy Facility provisional payment is zero.
- e. All fee payments prior to completion and close-out of this contract are provisional and subject to adjustment by the Contracting Officer in accordance with Sections B.8 and B.9. The Contractor cannot incur obligations or create contingent liabilities on the part of the Government exceeding the total cumulative funding obligated on the contract and in accordance with the limitation of funds clause. The Contractor must identify to DOE, in sufficient time to support budget requests, the level of fee anticipated to be earned provisionally (See Section B.3 entitled "Availability of Appropriated Funds").
  - f. The current FEMP Baseline includes DOE-FEMP costs (e.g., waste disposal, etc). These costs, which are not available for use by the Contractor, will be documented in the Revised Baseline submitted, negotiated, and approved by DOE post-award. Once established, increases or decreases to the DOE-FEMP costs will necessitate an adjustment in the assumed funding available to the Contractor. Those changes in DOE costs caused by the Contractor, such as an increase or decrease in disposal cost due to an increase or decrease in waste shipments, will not be the basis for an adjustment pursuant to Section B.7. Those changes in DOE costs caused by the Government, such as loaning money to another DOE site, will be the basis for an adjustment pursuant to Section B.7.
  - g. The current Baseline assumes a 2.7 percent annual escalation. The actual FY2000 funding level is \$274,522,000. The Planning level for FY2001 and beyond is approximately \$290 million per year without escalation, subject to Congressional appropriations. The Contractor will use this funding guidance, incorporate any DOE technical changes, conduct a due diligence review of the baseline, incorporate approved Baseline Improvements and submit a Revised

Baseline and certified cost proposal within 6 months following contract award. The Contractor shall ensure Baseline Revisions and/or Change Proposals addressing DOE guidance optimize all available resources ensuring that site goals are completed in a safe and efficient manner that brings the site to completion as quickly as possible. The Contractor shall consider DOE direct costs included in total funding levels, which will be provided by DOE in any funding guidance.

- h. The maximum amount of incentive fee is based on projected funding and will not be modified unless the Total Project Cost (TPC) increases or decreases by 20% of the Minimum Target Cost, at which time the parties agree to enter into good faith negotiations to adjust the parameters of the cost incentive, accordingly. Such adjustments will be, at the maximum, pro-rated by the total lifecycle adjustment, less the 20% threshold.

## **B.7 SECTION B TARGET COST/SCHEDULE CHANGES**

- a. The Contractor shall work within the existing Baseline until approval of the Revised Baseline is provided by DOE. Once the Reference Point Target Cost agreed to after evaluation and negotiation of the Revised Baseline (or that unilaterally determined by the Contracting Officer if an agreement cannot be reached) has been established, then changes will affect the Minimum and Maximum Target Costs and Target Schedule as follows:
  - 1. Changes Beyond Control of the Contractor: When work under this contract is increased or decreased by approved changes to the Baseline, equitable adjustments to Section B Minimum and Maximum Target Cost and Target Schedule and Reference Point Target Cost may be made (cost incentive curve shifts maintaining same slope), if necessary (i.e., the Contractor will submit documentation to show that the change impacts the Minimum and Maximum Target Costs and Target Schedule negotiated in Section B for evaluation and negotiation of any potential changes). These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

**Table 3, Changes Beyond Contractor Control (Will Negotiate Changes to Minimum and Maximum Target Costs/Target Schedule and Reference Point Target Cost if the Change Impacts the Section B Minimum and Maximum Target Costs and Target Schedule and Reference Point Target Cost Originally Negotiated):**

-New scope based on as DOE direction to the contractor, new regulatory requirements, and or change to a ROD outside of the initial Statement of Work.
-Forced budget reductions by the Government greater than 1% of annual budget anticipated to be provided to the Contractor (i.e., \$290M less anticipated DOE costs and fee). Note: The \$290M anticipated will be divided between close-out activities on contract DE-AC24-92OR21972 and this contract. No adjustment to target cost/schedule will be made due to this issue.
-DOE direction or DOE initiated actions/events.
-Technology decision by the Government or regulators such as the decision on the treatment process for the Silo 1&2 material.
- Changes resulting from collaborative effort by the Contractor and DOE or non-Contractor groups, e.g. stakeholders or regulators.

2. Changes for Which the Contractor is Accountable: There are some actions/events for which the Government will not accept a Baseline Change Proposal, or negotiate changes to the Section B Minimum and Maximum Target Cost and Schedule (schedule incentive curve shifts maintaining the same slope). Such changes will be maintained as a variance to the approved baseline. Examples of these actions/events are clarified in the following Tables. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

**Table 4, Contractor Accountable (Will Not Change Section B Minimum and Maximum Target Costs/Target Schedule/Reference Point Target Cost or Baseline—Maintain Variances):**

- Innovative Management/Planning ideas implemented by the Contractor or subcontractor and staff.
- Contractor initiatives for technology, process, etc. implemented by the Contractor or subcontractor and staff.
- Reduction in baseline cost or schedule through subcontract.
- Poor engineering or estimating by Contractor or subcontractor.
- Poor management decision by the Contractor or subcontractor, including actions by staff.
- Contractor controlled action that results in accident or delay of mission.
- Subcontractor controlled action that results in accident or delay of mission.
- Inadequate schedules which do not anticipate DOE review/approval durations proportional to the nature of the action.
- Inadequate coordination with EPA/State or other groups impacting actions under the Contractor's control.
- Increases or decreases in scope that are within the range of approved baseline assumptions.
- ES&H Violation by Contractor or subcontractor, including consequential investigations and impacts.
- Fines or penalties imposed by DOE or other regulatory agencies due to the contractor's action, or inaction. (This includes fines levied against DOE based on Contractor performance.)
- Willful misconduct or lack of good judgement by Contractor or subcontractor.
- Changes caused by the Contractor, or within the Contractor's control.



3. Increases or Decreases in Scope in this paragraph: As an exception to Table 4 above, and as negotiated between the parties, increases or decreases in scope that are over 15% greater or less than the quantities specified below, as evidenced by actuals at the end of performance, will cause equitable adjustments to Section B Minimum and Maximum Target Cost and Schedule and Reference Point Target Cost, if necessary, based on documentation from the Contractor showing the impacts of the change. Any adjustment will excluded the impact of the 15% threshold quantity.
- Volume of Waste Pit Material Loaded in Railcars: 446,491 tons.
  - Volume of Non-Typical Waste: 10,000 cubic feet.
  - Soils in Production Area: 1.49 million bank cubic yards contained in Areas 3, 4, and 5.

## **B.8 FEE PAYMENT SCHEDULE AND FEE PAYMENT WITHHOLDING**

- a. This section establishes the method for provisional payments of both cost and schedule incentive fee. Unless the Contracting Officer elects to do otherwise, as set forth below or elsewhere in this contract, provisional fee payments will be made not more than 3 business days after the Contractor submits an acceptable invoice, as authorized by the Contracting Officer pursuant to Section G.5(b), subject to the availability of funds. Upon receipt of an acceptable invoice for provisional payment of Fee, the Contracting Officer will assess the need for further adjustments based upon factors discussed later in this provision or elsewhere in this contract and pay the amount authorized within three (3) business days.
- b. Prior to receipt, evaluation and negotiation of a revised Baseline which incorporates the Contractor's due diligence review, approved Baseline Improvements and incorporation of new DOE funding guidance, the Contractor may invoice for 50% of the Cost Incentive on a quarterly basis in conjunction with the Quarterly Critical Analysis Report submittal, at the specified Target Cost and Target Fee, pro-rated over the life of the contract (i.e. to the specified Target Schedule Date).
- c. After negotiation and implementation of the Revised Baseline, the Contracting Officer may increase the provisional payment up to 75% of both the Cost and Schedule Incentives on a quarterly basis, in conjunction with the Quarterly Critical Analysis Report, at the negotiated Target Cost, Target Fee, and Target Schedule subject to availability of appropriated funds. This is to incentivize the Contractor to submit the Baseline Revision/Cost Proposal and negotiate in an expeditious manner.

- d. Should the Legacy Facility Completion goal be completed on or before December 31, 2006, \$20 million of the \$53M Schedule Fee will be paid provisionally in a lump sum. If Legacy Facility Completion is not achieved by December 31, 2006, the Legacy Facility provisional payment is zero.
- e. At the conclusion of each Government fiscal year, DOE will review the Quarterly Critical Analysis Reports, and adjust the provisional payments up or down accordingly. The Contracting Officer has the unilateral right to adjust the provisional payments upward or downward at anytime at his/her sole discretion, using information from the monthly Cost Performance Reports (CPR) and other information available to the Contracting Officer. If a significant overpayment occurs, the Contracting Officer will issue a demand letter requesting an immediate refund or advise of an offset against future fee payments.
- f. All fee paid provisionally remains provisional until audit and final closure of this contract. After DOE review and acceptance of the Contractor's Final Declaration of Completion as required by Section F.6, the Contracting Officer will release up to 90% of the cost and schedule fee anticipated to be earned, retaining an amount determined to be necessary for settlement of the incurred costs and/or completion of performance. After receipt of the information required for the annual incurred cost audit covering the year of physical completion of the contract, the Contracting Officer will release 75% of all cost and schedule fees withheld (provided the Contractor has satisfied all other contract terms and conditions, including submission of the final patent and royalty reports, and is not delinquent in submitting final vouchers on prior years' settlements). The Contracting Officer may release a higher percentage of the cost and schedule fee withheld if the retainage is considered to be higher than the future settlements.
- g. In order to assure the Contractor's ability to repay any provisional fees that are determined to be in excess of the actual fee earned at the conclusion of the contract, the Contracting Officer may utilize the performance guarantee executed pursuant to the clause entitled "Guarantee of Performance Agreement" in Section H as a basis for a demand to collect monies owed.
- h. For reasons and in the manner explained in paragraphs below and elsewhere in this contract, including clause B.9 entitled "Conditional Payment of Fee, Profit, or Incentives," the Contracting Officer may decide to reduce or withhold any provisional fee payment. The right of the Contracting Officer to reduce or withhold fee payments is in addition to other rights and remedies available under this contract. Such reductions may take either of two forms. First, the Contracting Officer may elect to defer a provisional fee payment. A deferral

results in a reduction of the immediate provisional fee payment, but does not result in a revision to the maximum incentive fee at the conclusion of the contract, including cost and schedule variances discussed in the following paragraph. Second, the Contracting Officer may elect to deduct fee pursuant to clause B.9 entitled "Conditional Payment of Fee, Profit, or Incentives" or clause H.3 entitled "Key Personnel". A deduction results in a reduction of the immediate fee payment, and also in a reduction to the maximum incentive fee at the conclusion of the contract.

- i. In determining the appropriate amount of fee to be paid provisionally, the Contracting Officer will use the following considerations:
  1. As a part of the routine project performance analysis required by H.19.03.d.3, the Contractor shall report the Estimate at Completion (EAC) for the total project on a quarterly basis. The Contracting Officer will compare this estimate against the negotiated Target Costs in Section B.6 and the cost incentive curve located in Attachment 10.
  2. Cost Variance. The cost variance index (CVI) (%) is the Budgeted Cost of Work Performed (BCWP) minus the Actual Cost of Work Performed (ACWP) divided by the Budgeted Cost of Work Performed (BCWP),  $[CVI = (BCWP - ACWP)/BCWP]$ .
  3. As part of the routine project performance analysis required by H.19.03.d, the Contractor shall include a projection of site completion based on the validated schedule variance analysis against the approved Baseline. The Contracting Officer will compare this projection against the negotiated Schedule Incentive in Section B.6 and the schedule incentive curve located in Attachment 10.
  4. Schedule Variance. The schedule variance index (SVI) (%) is the Budgeted Cost of Work Performed (BCWP) minus the Budgeted Cost of Work Scheduled (BCWS) divided by Budgeted Cost of Work Scheduled (BCWS),  $[SVI = (BCWP - BCWS)/BCWS]$ .
- j. The Contracting Officer may release withheld fees when the Contractor demonstrates that the condition leading to the withholding has been corrected. For example, a withheld fee resulting from one or more cost variance(s) may be paid to the Contractor when the Contractor recovers from the cost variance, meaning that there has been acceptable cost variance at the ends of two consecutive quarters.

- k. If this contract is terminated in its entirety, fee shall be payable to the Contractor consistent with the Section I clauses entitled "Termination" and "Incentive Fee". DOE and the Contractor recognize that accelerated closure is the mission of the Fernald Environmental Management Project (FEMP) site. The parties agree that the term "Default" in the clause entitled "Termination" in Section I of this contract includes the situation where EAC/Schedule forecast as presented in the Quarterly Critical Analysis Report equals or exceeds the Maximum Target Cost and/or Schedule by 50% for a period of any 4 consecutive calendar quarters, commencing with performance under the Revised Baseline required to be submitted within 6 months following contract award (See Section B.6). Nothing in this paragraph shall limit or restrict the application of the clause entitled "Termination" in Section I of this contract.
- l. Nothing in this Clause B.8 limits the rights of the Contracting Officer set forth in the clause entitled "Incentive Fee" of this contract.

**B.9 DEAR 970.5204-86, CONDITIONAL PAYMENT OF FEE, PROFIT, OR INCENTIVES AND ALTERNATE I (April 1999) (DEVIATION)**

- a. In order for the Contractor to receive all cost and Schedule Incentive fee under the contract, the Contractor must meet the minimum requirements in paragraphs (a) through (d) of this clause. If the Contractor does not meet the minimum requirements, the Contracting Officer may make a unilateral determination to deduct fee (or provisional fee) as described in the following paragraphs of this clause.
  - 1. Minimum Requirements for Environment, Safety & Health (ES&H) Program. The Contractor shall develop, obtain DOE approval of, and implement a Safety Management System in accordance with the provisions of the clause entitled, "Integration of Environment, Safety and Health into Work Planning and Work Execution." The minimal performance requirements of the system will be set forth in the approved Safety Management System, or similar document. If the Contractor fails to obtain approval of the Safety Management System or fails to achieve the minimum performance requirements of the system, the Contracting Officer, at his/her sole discretion, may deduct fee by an amount up to the provisional amount paid, or to be paid, in any fiscal year.
  - 2. Minimum Requirements for Catastrophic Event. If, in the performance of this contract, there is a catastrophic event (such as a fatality, or a serious workplace-related injury or illness to one or more Federal, Contractor, or subcontractor employee or the general public, loss of control over classified or special nuclear material, or significant damage to the

environment), the Contracting Officer may deduct fee by an amount up to the cost and schedule based incentive fee for the fiscal year. In determining any diminution of fee resulting from a catastrophic event, the Contracting Officer will consider whether willful misconduct and/or negligence contributed to the occurrence and will take into consideration any mitigating circumstances presented by the Contractor or other sources.

3. Minimum Requirements for Specified Level of Performance.

- (a) The Contractor must perform the Statement of Work requirements at a level of performance such that the total performance of the contract is not jeopardized.
- (b) The Contractor must meet all Baseline or Regulatory requirements on time, and must notify DOE in writing, of potentially missed regulatory milestones, not later than 30 days prior to the regulatory milestone date.
- (c) The evaluation of the Contractor's achievement of the level of performance shall be determined unilaterally by the Contracting Officer. To the extent that the Contractor fails to achieve the minimum performance levels specified in the Statement of Work, the Contracting Officer may deduct up to \$1 million in Target Fee. Such reduction shall not result in the total fee being less than 25% of the Target Fee, calculated on an annual basis.

4. Minimum Requirements for Cost Performance.

- (a) Requirements incentivized by other than cost incentives must be performed within their specified cost constraint and must not adversely impact the costs of performing unrelated activities.
- (b) The performance of requirements with a specific cost incentive must not adversely impact the costs of performing unrelated requirements.
- (c) The Contractor's performance within the stipulated cost performance levels shall be determined unilaterally by the Contracting Officer. To the extent the Contractor fails to achieve the stipulated cost performance levels, the Contracting Officer, at his/her sole discretion, may deduct up to \$500,000 in Target Fee. Such reduction shall not result in the total fee being less than 25% of the Target Fee, calculated on an annual basis.

**B.10 STATEMENTS OF COMMITMENT**

- a. The Government and the Contractor recognize the accelerated closure is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated closure. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.
- b. During the performance of the contract, the parties agree that efficiencies and performance improvements will be required to reduce the actual cost and/or improve the schedule for the work. The benefit to the Government of any savings resulting from efficiencies and/or performance improvements occurring during the performance of this contract accrue through the Government's share identified in the clause of this contract entitled "Incentive Fee."
- c. The Government and the Contractor will work together by establishing a common vision, with supporting goals and missions to promote teamwork, mutual respect, openness, honesty, trust, and professionalism in day-to-day activities. The Government and the Contractor's joint commitments include:
  - ◆ Maintaining High Safety Performance
  - ◆ Completing the Project on Schedule, within Cost
  - ◆ Eliminating Barriers to a Faster, More Cost Effective Program
  - ◆ Resolving Conflicts through Coordinated Work Efforts to Avoid Adversarial Relationships

**B.11 ADDITIONAL ITEMS EXCLUDED FROM TARGET COST NUMBERS**

Subparagraph (e) of the clause of this contract entitled "Incentive Fee" identifies certain costs that will not be included in "total allowable cost" for the purposes of fee adjustment. As set forth in paragraph (e)(5), all other allowable costs are included in "total allowable cost" for fee adjustment in accordance with subparagraph (e), unless otherwise specifically provided in this contract. The following items of cost are not to be included in "total allowable cost" for the purposes of fee adjustment under the clause entitled "Incentive Fee":

- ◆ The cost of any lump-sum payment directed by the Contracting Officer in accordance with Clause H.14.c.5.
- ◆ Increased disposal costs for waste disposal sites controlled by DOE (i.e., NTS).

**B.12 NOTICE OF CIVIL PENALTIES FOR VIOLATION OF SECURITY OF DOE CLASSIFIED OR SENSITIVE INFORMATION OR DATA**

Note: The Contractor shall be required to comply with this provision if and when it is included into the DEAR per Acquisition Letter 99-07, dated November 30, 1999.

Section 3147 of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65, is intended to increase the accountability of DOE Contractors concerning the protection of classified information and materials. The Contractor agrees to include conditional fee language for safeguards and security violations when the rulemaking on those provisions is completed. The Section amends the Atomic Energy Act of 1954 to provide civil penalties for violations of DOE regulations regarding security of classified or sensitive information or data of up to \$100,000 per violation. An additional provision of Section 3147, separate from the civil penalty authority, requires appropriate reduction of fees or amounts paid to the Contractor under the contract in the event of a violation by the Contractor or Contractor employee of any rule, regulation, or order relating to the safeguarding or security of Restricted Data or other classified information.